

HOUSE BILL No. 1669

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-28-9-16; IC 6-1.1; IC 6-3.5; IC 20-12-14-2; IC 20-18-2-1.5; IC 20-24-7-2; IC 20-26-11; IC 20-31-11-6; IC 20-44; IC 20-45; IC 20-46; IC 36-7-15.1-26.9; IC 36-10-13.

Synopsis: School property taxes and an exemption for seniors. Authorizes a school corporation to impose a school option income tax. Eliminates the power of a school corporation to impose a property tax levy for the school corporation's general fund or a charter school after 2007. Provides a property tax credit payable from the property tax replacement fund to a homestead owner who is at least 65 years of age and whose adjusted gross income is less than \$70,000. Makes related changes.

Effective: Upon passage; July 1, 2007; January 1, 2008.

Behning

January 23, 2007, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1669

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-28-9-16, AS AMENDED BY P.L.2-2006,
2 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2008]: Sec. 16. A qualified entity receiving a loan under
4 this chapter may levy an annual tax on personal and real property
5 located within the qualified entity's geographical limits for industrial
6 development purposes, in addition to any other tax authorized by
7 statute to be levied for such purposes, at a rate that will produce
8 sufficient revenue to pay the annual installment and interest on a loan
9 made under this chapter. The tax may be in addition to the maximum
10 annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5, ~~IC 20-45-3~~, and
11 other statutes.

12 SECTION 2. IC 6-1.1-1-3, AS AMENDED BY P.L.2-2006,
13 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection (b),
15 "assessed value" or "assessed valuation" means an amount equal to:
16 (1) for assessment dates before March 1, 2001, thirty-three and
17 one-third percent (33 1/3%) of the true tax value of property; and

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(2) for assessment dates after February 28, 2001, the true tax value of property.

(b) For purposes of calculating a budget, rate, or levy under IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-18.5, IC 6-1.1-20, ~~IC 20-45-3~~, IC 20-46-4, IC 20-46-5, and IC 20-46-6, "assessed value" or "assessed valuation" does not include the assessed value of tangible property excluded and kept separately on a tax duplicate by a county auditor under IC 6-1.1-17-0.5.

SECTION 3. IC 6-1.1-17-8, AS AMENDED BY P.L.2-2006, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. (a) If the county board of tax adjustment determines that the maximum aggregate tax rate permitted within a political subdivision under IC 6-1.1-18 is inadequate, the county board shall ~~subject to the limitations prescribed in IC 20-45-4~~, file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

- (1) an analysis of the aggregate tax rate within the political subdivision;
- (2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and
- (3) any other information that the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the department of local government finance and shall retain the other copy in the county auditor's office. The department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budgets by fund, tax rates, and tax levies of the political subdivisions described in subsection (a)(2).

SECTION 4. IC 6-1.1-17-16, AS AMENDED BY P.L.2-2006, SECTION 38, AS AMENDED BY P.L.154-2006, SECTION 44, AND AS AMENDED BY P.L.169-2006, SECTION 9, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the department of local government finance may revise, reduce, or increase a political subdivision's budget by fund, tax rate, or tax levy which the department reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the department of local government finance may review, revise, reduce, or increase the budget by fund, tax rate, or tax levy of

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any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsections (j) and (k), before the department of local government finance reviews, revises, reduces, or increases a political subdivision's budget by fund, tax rate, or tax levy under this section, the department must hold a public hearing on the budget, tax rate, and tax levy. The department of local government finance shall hold the hearing in the county in which the political subdivision is located. The department of local government finance may consider the budgets by fund, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets by fund, levies, and tax rates to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), ~~IC 6-1.1-19, IC 20-45, IC 20-46, or IC 6-1.1-18.5,~~ the department of local government finance may not increase a political subdivision's budget by fund, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the political subdivision. *However, if the department of local government finance determines that IC 5-3-1-2.3(b) applies to the tax rate, tax levy, or budget of the political subdivision, the maximum amount by which the department may increase the tax rate, tax levy, or budget is the amount originally fixed by the political subdivision, and not the amount that was incorrectly published or omitted in the notice described in IC 5-3-1-2.3(b).* The department of local government finance shall give the political subdivision written notification specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has ~~one (1) week~~ two (2) weeks from the date the political subdivision receives the notice to provide a written response to the department of local government finance's Indianapolis office. ~~specifying how to make the required reductions in the amount budgeted by fund.~~ The response may include budget reductions, reallocation of levies, a revision in the amount of miscellaneous revenues, and further review of any other item about which, in the view of the political subdivision, the department is in error. The department of local government finance

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shall ~~make reductions~~ consider the adjustments as specified in the political subdivision's response if the response is provided as required by this subsection and ~~sufficiently specifies all necessary reductions.~~ ~~The department of local government finance may make a revision, a reduction, or an increase in a political subdivision's budget only by fund; shall deliver a final decision to the political subdivision.~~

(e) The department of local government finance may not approve a levy for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

- (1) no bonds of the building corporation are outstanding; or
- (2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The department of local government finance shall certify its action to:

- (1) the county auditor;
- (2) the political subdivision if the department acts pursuant to an appeal initiated by the political subdivision;
- (3) the ~~taxpayer that initiated an appeal under section 13 of this chapter, or, if the appeal was initiated by multiple taxpayers, the first ten (10) taxpayers whose names appear on a petition filed under section 13 of this chapter, the statement filed to initiate the appeal;~~ and
- (4) a taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision.

(g) The following may petition for judicial review of the final determination of the department of local government finance under subsection (f):

- (1) If the department acts under an appeal initiated by a political subdivision, the political subdivision.
- (2) If the department:
 - (A) acts under an appeal initiated by one (1) or more taxpayers under section 13 of this chapter; or
 - (B) fails to act on the appeal before the department certifies its action under subsection (f);
 a taxpayer who signed the ~~petition under that section.~~ statement filed to initiate the appeal.
- (3) If the department acts under an appeal initiated by the county auditor under section 14 of this chapter, the county auditor.
- (4) A taxpayer that owns property that represents at least ten

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percent (10%) of the taxable assessed valuation in the political subdivision.

The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (f).

(h) The department of local government finance is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(i) Subject to the provisions of all applicable statutes, the department of local government finance may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall annually review the budget by fund of each school corporation not later than April 1. The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget by fund. A public hearing is not required in connection with this review of the budget.

(k) The department of local government finance may hold a hearing under subsection (c) only if the notice required in ~~IC 6-1.1-17-12~~ **section 12 of this chapter** is published at least ten (10) days before the date of the hearing.

SECTION 5. IC 6-1.1-17-17, AS AMENDED BY P.L.2-2006, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 17. Subject to the limitations contained in IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, and IC 20-46, the department of local government finance may at any time increase the tax rate and tax levy of a political subdivision for the following reasons:

(1) To pay the principal or interest upon a funding, refunding, or judgment funding obligation of a political subdivision.

(2) To pay the interest or principal upon an outstanding obligation

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of the political subdivision.

(3) To pay a judgment rendered against the political subdivision.

(4) To pay lease rentals that have become an obligation of the political subdivision under IC 20-47-2 or IC 20-47-3.

SECTION 6. IC 6-1.1-17-19, AS AMENDED BY P.L.2-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 19. If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, or IC 20-46, the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, and IC 20-46 control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

SECTION 7. IC 6-1.1-18-3, AS AMENDED BY P.L.2-2006, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

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(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, or IC 20-46, a county board of tax adjustment, a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 8. IC 6-1.1-18-11, AS AMENDED BY P.L.2-2006, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, or IC 20-46, the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, and IC 20-46 control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

SECTION 9. IC 6-1.1-19-1, AS AMENDED BY P.L.2-2006, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. The following definitions apply throughout this chapter:

(1) "Appeal" refers to an appeal taken to the department of local government finance by or in respect of a school corporation under any of the following:

(A) IC 6-1.1-17.

(B) This chapter.

~~(C) IC 20-45.~~

~~(D)~~ (C) IC 20-46.

(2) "Tax control board" means the school property tax control board established by section 4.1 of this chapter.

SECTION 10. IC 6-1.1-19-3, AS AMENDED BY P.L.2-2006, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) When an appeal is taken to the department of local government finance, the department may exercise

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the powers described in IC 6-1.1-17 to revise, change, or increase the budget, tax levy, or tax rate of the appellant school corporation subject to this chapter ~~IC 20-45~~, and IC 20-46.

(b) The department of local government finance may not exercise any of the powers described in subsection (a) until it receives, regarding the appellant school corporation's budget, tax levy, or tax rate, the recommendation of the tax control board.

SECTION 11. IC 6-1.1-20-1.1, AS AMENDED BY P.L.2-2006, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1.1. As used in this chapter, "controlled project" means any project financed by bonds or a lease, except for the following:

(1) A project for which the political subdivision reasonably expects to pay:

(A) debt service; or

(B) lease rentals;

from funds other than property taxes that are exempt from the levy limitations of IC 6-1.1-18.5. ~~or IC 20-45-3~~. A project is not a controlled project even though the political subdivision has pledged to levy property taxes to pay the debt service or lease rentals if those other funds are insufficient.

(2) A project that will not cost the political subdivision more than two million dollars (\$2,000,000).

(3) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.

(4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1996.

(5) A project that is required by a court order holding that a federal law mandates the project.

SECTION 12. IC 6-1.1-20-1.3, AS AMENDED BY P.L.2-2006, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1.3. As used in this chapter, "lease" means a lease by a political subdivision of any controlled project with lease rentals payable from property taxes that are exempt from the levy limitations of IC 6-1.1-18.5. ~~or IC 20-45-3~~.

SECTION 13. IC 6-1.1-20-3.1, AS AMENDED BY P.L.2-2006, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.1. A political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

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- (1) The proper officers of a political subdivision shall:
- (A) publish notice in accordance with IC 5-3-1; and
 - (B) send notice by first class mail to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices;
- of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.
- (2) When the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:
- (A) publication in accordance with IC 5-3-1; and
 - (B) first class mail to the organizations described in subdivision (1)(B).
- (3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:
- (A) The maximum term of the bonds or lease.
 - (B) The maximum principal amount of the bonds or the maximum lease rental for the lease.
 - (C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.
 - (D) The purpose of the bonds or lease.
 - (E) A statement that any owners of real property within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.
 - (F) With respect to bonds issued or a lease entered into to open:
 - (i) a new school facility; or
 - (ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;
- the estimated costs the school corporation expects to incur annually to operate the facility.
- ~~(G) A statement of whether the school corporation expects to appeal for a new facility adjustment (as defined in IC 20-45-1-16) for an increased maximum permissible tuition~~

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support levy to pay the estimated costs described in clause (F).

(4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

(A) one hundred (100) owners of real property within the political subdivision; or

(B) five percent (5%) of the owners of real property within the political subdivision.

(5) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition forms to be used solely in the petition process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

(A) the carrier and signers must be owners of real property;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and

(D) govern the closing date for the petition period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.

(6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision (7).

(7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.

(8) The county auditor must file a certificate and each petition with:

(A) the township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

within fifteen (15) business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real

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property within the political subdivision.

If a sufficient petition requesting a petition and remonstrance process is not filed by owners of real property as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

SECTION 14. IC 6-1.1-21-5.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5.2. (a) This section applies to:**

- (1) taxable years beginning after December 31, 2006;**
- (2) credit claims filed under this section after December 31, 2007; and**
- (3) property taxes first due and payable after December 31, 2008.**

(b) The following definitions apply throughout this section:

(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5 for:

- (A) an individual; or**
- (B) an individual and the individual's spouse in the case of a joint adjusted gross income tax return.**

(2) "Dwelling" means:

- (A) residential real property improvements; or**
- (B) a mobile home or manufactured home not assessed as real property;**

that an individual uses as the individual's residence.

(3) "Homestead" means an individual's principal place of residence that:

- (A) is located in Indiana;**
- (B) the individual:**
 - (i) owns; or**
 - (ii) is buying under a contract requiring the individual to pay the property taxes on the residence; and**
- (C) consists of a dwelling and any real estate, not exceeding one (1) acre, that immediately surrounds the dwelling.**

(4) "Net property tax bill" means the amount of property taxes due and payable by an individual for a calendar year after the application of all deductions and credits, except for the credit allowed under this section, as evidenced by the tax statement prepared and mailed under IC 6-1.1-22-8.

(5) "Qualifying individual" means an individual who:

- (A) is at least sixty-five (65) years of age before January 1 of the year in which a credit allowed under this section is**

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received; and

(B) has an adjusted gross income of less than seventy thousand dollars (\$70,000) for the taxable year preceding the year in which the individual files a certified statement under subsection (d).

(c) Each year, a qualifying individual may receive a credit against the net property tax bill on the individual's homestead. The amount of the credit to which a qualifying individual is entitled equals the amount determined under STEP FOUR of the following STEPS:

STEP ONE: Determine an amount equal to fifty percent (50%) of the net property tax bill on the homestead for the year.

STEP TWO: Determine the quotient of:

(A) the qualifying individual's adjusted gross income for the taxable year preceding the year in which the individual files a certified statement under subsection (d); divided by
(B) seventy thousand dollars (\$70,000).

STEP THREE: Determine the product of:

(A) the STEP TWO result; multiplied by
(B) the STEP ONE result.

STEP FOUR: Determine the difference between:

(A) the STEP ONE result; minus
(B) the STEP THREE result.

(d) An individual who desires to claim the credit under this section must file with the auditor of the county in which the individual's homestead is located a certified statement in duplicate on forms prescribed by the department of local government finance. The statement must be filed during the twelve (12) months before May 11 of the year before the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:

- (1) The individual's full name and complete address.
- (2) A description of the individual's homestead and the number of years that the individual has resided at the homestead.
- (3) Proof of the individual's age.
- (4) The name of any other county and township in which the individual owns or is buying real property.
- (5) The amount of the individual's adjusted gross income.
- (6) Any other information requested by the department of local government finance.

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(e) If two (2) individuals own a homestead under a tenancy by the entirety and one (1) or both of the individuals meet the eligibility requirements of this section, the individuals together may receive only one (1) credit under this section.

(f) If an individual who receives the credit under this section changes the use of the individual's homestead so that the homestead no longer qualifies for the credit under this section, the individual must file with the auditor of the county in which the homestead is located a certified statement notifying the auditor of the change of use not later than sixty (60) days after the date of the change. An individual who changes the use of the individual's homestead and fails to file the statement required by this subsection is liable for the amount of the credit allowed under this section after the change.

(g) A county auditor with whom a statement is filed under subsection (d) shall immediately prepare and transmit a copy of the statement to the auditor of any other county in which the individual who claims the credit owns or is buying real property. The auditor of the other county shall:

- (1) note on the copy of the statement whether the individual has claimed a credit under this section for a homestead located in the other county; and
- (2) return the copy to the auditor of the first county.

(h) Upon receiving a proper statement, a county auditor shall:

- (1) allow the credit;
- (2) apply the credit equally against each installment of property taxes payable in that calendar year; and
- (3) include the amount of the credit applied against each installment of taxes on the tax statement required under IC 6-1.1-22-8.

(i) After January 31 and before February 16 of each year, each county auditor shall certify to the department of local government finance the number and amounts of credits allowed under this section for the calendar year. Upon receiving the certifications, the department of local government finance shall determine the total amount of the credits allowed in each county under this section and shall certify the totals to the department when the department of local government finance certifies the total county tax levies. The department shall distribute to each county the amount of credits certified for that county by the department of local government finance at the same time and in the same manner as the department distributes the county's estimated distribution under

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section 4 of this chapter. Money is appropriated from the property tax replacement fund in an amount sufficient to make the distributions required by this subsection. The money appropriated by this subsection shall be in addition to the appropriation to the property tax replacement fund board for property tax replacement credits and homestead credits. This appropriation may not be reduced by any provision restricting the amount of an appropriation to the property tax replacement fund board.

(j) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement plus a penalty of ten percent (10%) of the credit to the department of local government finance for deposit in the property tax replacement fund established by section 1 of this chapter.

SECTION 15. IC 6-1.1-21.5-5, AS AMENDED BY P.L.2-2006, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid not later than ten (10) years after the date on which the loan was made.

(b) The loan shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or ~~IC 20-45-3~~; **the qualified taxing unit's tuition support distribution under IC 20-43**. The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or IC 20-45-6.~~

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 16. IC 6-1.1-21.7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) A taxing unit may apply for a loan under this chapter.

(b) A taxing unit qualifies for a loan under this chapter for a fund if:

(1) the United States Congress limits or terminates its

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1 authorization for a taxing unit to impose a property tax on a
2 taxpayer;

3 (2) the lost revenue for at least one (1) fund, as determined under
4 section 10, STEP THREE of this chapter, is at least five percent
5 (5%) of the property tax revenues for the fund that the taxing unit
6 would have received in the current year if the United States
7 Congress had not limited or terminated payments from the
8 taxpayer to the taxing unit, as determined under section 10, STEP
9 TWO of this chapter; and

10 (3) the taxing unit appeals to the department of local government
11 finance for emergency financial relief under this chapter in the
12 same manner as an appeal for emergency relief under
13 IC 6-1.1-18.5-12 or ~~IC 6-1.1-19-4.1~~; **IC 20-46-1-8.**

14 The appeal required under subdivision (3) may be filed at any time.

15 (c) A taxing unit may receive a loan to replace lost revenue only for
16 the first five (5) years in which the taxing unit loses revenue as a result
17 of an act of the United States Congress described in subsection (b)(1).

18 SECTION 17. IC 6-1.1-21.8-4, AS AMENDED BY P.L.2-2006,
19 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JANUARY 1, 2008]: Sec. 4. (a) The board shall determine the terms
21 of a loan made under this chapter. However, the interest charged on the
22 loan may not exceed the percent of increase in the United States
23 Department of Labor Consumer Price Index for Urban Wage Earners
24 and Clerical Workers during the most recent twelve (12) month period
25 for which data is available as of the date that the unit applies for a loan
26 under this chapter. In the case of a qualified taxing unit that is not a
27 school corporation or a public library (as defined in IC 36-12-1-5), a
28 loan must be repaid not later than ten (10) years after the date on which
29 the loan was made. In the case of a qualified taxing unit that is a school
30 corporation or a public library (as defined in IC 36-12-1-5), a loan must
31 be repaid not later than eleven (11) years after the date on which the
32 loan was made. A school corporation or a public library (as defined in
33 IC 36-12-1-5) is not required to begin making payments to repay a loan
34 until after June 30, 2004. The total amount of all the loans made under
35 this chapter may not exceed twenty-eight million dollars (\$28,000,000).
36 The board may disburse the proceeds of a loan in installments.
37 However, not more than one-third (1/3) of the total amount to be
38 loaned under this chapter may be disbursed at any particular time
39 without the review of the budget committee and the approval of the
40 budget agency.

41 (b) A loan made under this chapter shall be repaid only from:

42 (1) property tax revenues of the qualified taxing unit that are

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subject to the levy limitations imposed by IC 6-1.1-18.5 or ~~IC 20-45-3~~; **the qualified taxing unit's tuition support distribution under IC 20-43;**

(2) in the case of a school corporation, the school corporation's debt service fund; or

(3) any other source of revenues (other than property taxes) that is legally available to the qualified taxing unit.

The payment of any installment of principal constitutes a first charge against the property tax revenues described in subdivision (1) that are collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or IC 20-45-6.~~

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section does not prohibit a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

(f) Interest accrues on a loan made under this chapter until the date the board receives notice from the county auditor that the county has adopted at least one (1) of the following:

(1) The county adjusted gross income tax under IC 6-3.5-1.1.

(2) The county option income tax under IC 6-3.5-6.

(3) The county economic development income tax under IC 6-3.5-7.

Notwithstanding subsection (a), interest may not be charged on a loan made under this chapter if a tax described in this subsection is adopted before a qualified taxing unit applies for the loan.

SECTION 18. IC 6-1.1-21.9-3, AS ADDED BY P.L.114-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) The board, not later than December 31, 2007, and after review by the budget committee, shall determine the terms of a loan made under this chapter, subject to the following:

(1) The board may not charge interest on the loan.

(2) The loan must be repaid not later than ten (10) years after the date on which the loan was made.

(3) The terms of the loan must allow for prepayment of the loan without penalty.

(4) The maximum amount of the loan that a qualifying taxing unit

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may receive with respect to a default described in section 1(c)(3) of this chapter on one (1) or more payments of property taxes first due and payable in a calendar year is the amount, as determined by the board, of revenue shortfall for the qualifying taxing unit that results from the default for that calendar year.

(5) The total amount of all loans under this chapter for all calendar years may not exceed thirteen million dollars (\$13,000,000).

(b) The board may disburse in installments the proceeds of a loan made under this chapter.

(c) A qualified taxing unit may repay a loan made under this chapter from any of the following:

(1) Property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5. ~~or IC 6-1.1-19.~~

(2) Property tax revenues of the qualified taxing unit that are not subject to levy limitations as provided in IC 6-1.1-18.5-21 or ~~IC 6-1.1-19-13.~~ **the qualified taxing unit's tuition support distribution under IC 20-43.**

(3) The qualified taxing unit's debt service fund.

(4) Any other source of revenues (other than property taxes) that is legally available to the qualified taxing unit.

The payment of any installment on a loan made under this chapter constitutes a first charge against the property tax revenues described in subdivision (1) or (2) that are collected by the qualified taxing unit during the calendar year the installment is due and payable.

(d) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or IC 6-1.1-19.~~

(e) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

SECTION 19. IC 6-1.1-21.9-4, AS ADDED BY P.L.114-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) As used in this section, "delinquent tax" means any tax not paid during the calendar year in which the tax was first due and payable.

(b) Except as provided in subsection (c), the following are not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17: ~~and IC 6-1.1-19-1.7.~~

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(1) The proceeds of a loan received by the qualified taxing unit under this chapter.

(2) The receipt by a qualified taxing unit of any payment of delinquent tax owed by a qualified taxpayer.

(c) Delinquent tax owed by a qualified taxpayer received by a qualified taxing unit:

(1) must first be used toward the retirement of an outstanding loan made under this chapter; and

(2) is considered, only to the extent that the amount received exceeds the amount of the outstanding loan, to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

(d) If a qualified taxpayer pays delinquent tax during the term of repayment of an outstanding loan made under this chapter, the remaining loan balance is repayable in equal installments over the remainder of the original term of repayment.

(e) Proceeds of a loan made under this chapter may be expended by a qualified taxing unit only to pay obligations of the qualified taxing unit that have been incurred under appropriations for operating expenses made by the qualified taxing unit and approved by the department of local government finance.

SECTION 20. IC 6-1.1-22-3, AS AMENDED BY P.L.67-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection (b), the auditor of each county shall, before March 15 of each year, prepare a roll of property taxes payable in that year for the county. This roll shall be known as the "tax duplicate" and shall show:

(1) the value of all the assessed property of the county;

(2) the person liable for the taxes on the assessed property; and

(3) any other information that the state board of accounts, with the advice and approval of the department of local government finance, may prescribe.

(b) If the county auditor receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ before the county auditor completes preparation of the tax duplicate under subsection (a), the county auditor shall complete preparation of the tax duplicate when the appeal is resolved by the department of local government finance.

(c) If the county auditor receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ after the county auditor completes preparation of the tax duplicate under subsection (a), the

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1 county auditor shall prepare a revised tax duplicate when the appeal is
 2 resolved by the department of local government finance that reflects
 3 the action of the department.

4 (d) The county auditor shall comply with the instructions issued by
 5 the state board of accounts for the preparation, preservation, alteration,
 6 and maintenance of the tax duplicate. The county auditor shall deliver
 7 a copy of the tax duplicate prepared under subsection (a) to the county
 8 treasurer when preparation of the tax duplicate is completed.

9 SECTION 21. IC 6-1.1-22-5, AS AMENDED BY P.L.67-2006,
 10 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JANUARY 1, 2008]: Sec. 5. (a) Except as provided in subsections (b)
 12 and (c), on or before March 15 of each year, the county auditor shall
 13 prepare and deliver to the auditor of state and the county treasurer a
 14 certified copy of an abstract of the property, assessments, taxes,
 15 deductions, and exemptions for taxes payable in that year in each
 16 taxing district of the county. The county auditor shall prepare the
 17 abstract in such a manner that the information concerning property tax
 18 deductions reflects the total amount of each type of deduction. The
 19 abstract shall also contain a statement of the taxes and penalties unpaid
 20 in each taxing unit at the time of the last settlement between the county
 21 auditor and county treasurer and the status of these delinquencies. The
 22 county auditor shall prepare the abstract on the form prescribed by the
 23 state board of accounts. The auditor of state, county auditor, and county
 24 treasurer shall each keep a copy of the abstract as a public record.

25 (b) If the county auditor receives a copy of an appeal petition under
 26 IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ before the county auditor
 27 prepares and delivers the certified copy of the abstract under subsection
 28 (a), the county auditor shall prepare and deliver the certified copy of
 29 the abstract when the appeal is resolved by the department of local
 30 government finance.

31 (c) If the county auditor receives a copy of an appeal petition under
 32 IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ after the county auditor
 33 prepares and delivers the certified copy of the abstract under subsection
 34 (a), the county auditor shall prepare and deliver a certified copy of a
 35 revised abstract when the appeal is resolved by the department of local
 36 government finance that reflects the action of the department.

37 SECTION 22. IC 6-1.1-22-9, AS AMENDED BY P.L.67-2006,
 38 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JANUARY 1, 2008]: Sec. 9. (a) Except as provided in subsections (b)
 40 and (c) the property taxes assessed for a year under this article are due
 41 in two (2) equal installments on May 10 and November 10 of the
 42 following year.

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(b) Subsection (a) does not apply if any of the following apply to the property taxes assessed for the year under this article:

- (1) Subsection (c).
- (2) Subsection (d).
- (3) IC 6-1.1-7-7.
- (4) Section 9.5 of this chapter.

(c) A county council may adopt an ordinance to require a person to pay the person's property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(d) If the county treasurer receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ before the county treasurer mails or transmits statements under section 8(a) of this chapter, the county ~~auditor~~ **treasurer** may:

- (1) mail or transmit the statements without regard to the pendency of the appeal and, if the resolution of the appeal by the department of local government finance results in changes in levies, mail or transmit reconciling statements under subsection (e); or
- (2) delay the mailing or transmission of statements under section 8(a) of this chapter so that:
 - (A) the due date of the first installment that would otherwise be due under subsection (a) is delayed by not more than sixty (60) days; and
 - (B) all statements reflect any changes in levies that result from the resolution of the appeal by the department of local government finance.

(e) A reconciling statement under subsection (d)(1) must indicate:

- (1) the total amount due for the year;
- (2) the total amount of the installments paid that did not reflect the resolution of the appeal under IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ by the department of local government finance;
- (3) if the amount under subdivision (1) exceeds the amount under subdivision (2), the adjusted amount that is payable by the taxpayer:
 - (A) as a final reconciliation of all amounts due for the year; and
 - (B) not later than:
 - (i) November 10; or

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1 (ii) the date or dates established under section 9.5 of this
2 chapter; and

3 (4) if the amount under subdivision (2) exceeds the amount under
4 subdivision (1), that the taxpayer may claim a refund of the excess
5 under IC 6-1.1-26.

6 (f) If property taxes are not paid on or before the due date, the
7 penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent
8 taxes.

9 (g) Notwithstanding any other law, a property tax liability of less
10 than five dollars (\$5) is increased to five dollars (\$5). The difference
11 between the actual liability and the five dollar (\$5) amount that appears
12 on the statement is a statement processing charge. The statement
13 processing charge is considered a part of the tax liability.

14 SECTION 23. IC 6-1.1-29-9, AS AMENDED BY P.L.2-2006,
15 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JANUARY 1, 2008]: Sec. 9. (a) A county council may adopt an
17 ordinance to abolish the county board of tax adjustment. This ordinance
18 must be adopted by July 1 and may not be rescinded in the year it is
19 adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, ~~IC 20-45~~, IC 20-46,
20 IC 12-19-7, IC 12-19-7.5, IC 36-8-6, IC 36-8-7, IC 36-8-7.5,
21 IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance
22 is adopted, this section governs the treatment of tax rates, tax levies,
23 and budgets that would otherwise be reviewed by a county board of tax
24 adjustment under IC 6-1.1-17.

25 (b) The time requirements set forth in IC 6-1.1-17 govern all filings
26 and notices.

27 (c) A tax rate, tax levy, or budget that otherwise would be reviewed
28 by the county board of tax adjustment is considered and must be treated
29 for all purposes as if the county board of tax adjustment approved the
30 tax rate, tax levy, or budget. This includes the notice of tax rates that is
31 required under IC 6-1.1-17-12.

32 SECTION 24. IC 6-3.5-1.1-14, AS AMENDED BY P.L.2-2006,
33 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JANUARY 1, 2008]: Sec. 14. (a) In determining the amount of
35 property tax replacement credits civil taxing units and school
36 corporations of a county are entitled to receive during a calendar year,
37 the department of local government finance shall consider only
38 property taxes imposed on tangible property that was assessed in that
39 county.

40 (b) If a civil taxing unit or a school corporation is located in more
41 than one (1) county and receives property tax replacement credits from
42 one (1) or more of the counties, then the property tax replacement

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credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) Subject to subsection (e), if a civil taxing unit or school corporation of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which property tax replacement credits are being distributed, the civil taxing unit or school corporation is entitled to use the property tax replacement credits distributed to the civil taxing unit or school corporation for any purpose for which a property tax levy could be used.

(e) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its ~~general fund~~; debt service fund, capital projects fund, transportation fund, school bus replacement fund, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget. ~~and for purposes of the maximum permissible tuition support levy limits imposed by IC 20-45-3.~~ A school corporation shall allocate the property tax replacement credits described in this subsection to all ~~six (6)~~ **five (5)** funds in proportion to the levy for each fund.

SECTION 25. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]:

Chapter 9. School Option Income Tax

Sec. 1. As used in this chapter, "adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5(a), except that in the case of a school district taxpayer who is not a resident of a school district that has imposed the school option income tax, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

Sec. 2. As used in this chapter, "charter school" means a charter school (as defined in IC 20-24-1-4), including a conversion charter school (as defined in IC 20-24-1-5).

Sec. 3. As used in this chapter, "department" refers to the department of state revenue.

Sec. 4. As used in this chapter, "governing body" has the

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1 meaning set forth in IC 20-29-2-10.

2 Sec. 5. As used in this chapter, "nonresident school district
3 taxpayer" as it relates to a school district for a year means any
4 school district taxpayer for that school district for that year who
5 is not a resident school district taxpayer of that school district for
6 that year.

7 Sec. 6. As used in this chapter, "resident school district
8 taxpayer" as it relates to a school district for a year means any
9 school district taxpayer who resides in that school district on the
10 date specified in section 24 of this chapter.

11 Sec. 7. (a) As used in this chapter, "school corporation" means
12 any of the following:

13 (1) A school corporation (as defined in IC 20-18-2-16).

14 (2) A school township.

15 (b) The term does not include a charter school.

16 Sec. 8. As used in this chapter, "school district taxpayer" as it
17 relates to a school district for a year means any individual:

18 (1) who resides in that school district on the date specified in
19 section 24 of this chapter; or

20 (2) who maintains the taxpayer's principal place of business
21 or employment in that school district on the date specified in
22 section 24 of this chapter and who does not on that same date
23 reside in another school district in which the school option
24 income tax, the school district option income tax, or the school
25 district economic development income tax is in effect.

26 Sec. 9. The governing body of a school corporation may impose
27 the school option income tax on the adjusted gross income of school
28 district taxpayers of its school district effective July 1 of that year,
29 regardless of whether a county adjusted gross income tax, a county
30 option income tax, or a county economic development income tax
31 has been imposed in any county where the school corporation is
32 located.

33 Sec. 10. Subject to sections 11 and 12 of this chapter, the school
34 option income tax may be imposed at a rate not greater than three
35 percent (3%) on the adjusted gross income of resident school
36 district taxpayers of the school district. Any school district
37 imposing the school option income tax must impose the tax on the
38 nonresident school district taxpayers at a rate of one-fourth of one
39 percent (0.25%) on their adjusted gross income. If the governing
40 body of the school corporation elects to increase or decrease the
41 school option income tax, the governing body of the school
42 corporation may increase or decrease the school option income tax

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rate in increments of one-tenth of one percent (0.1%).

Sec. 11. The maximum school option income tax rate that may be imposed under this chapter is reduced by the amount of any ad valorem property tax levied under IC 20-43, IC 20-44, IC 20-46, or IC 20-47.

Sec. 12. A school option income tax rate imposed under this chapter for a fiscal year may not exceed the amount necessary (after deducting financial institution excise tax revenue (IC 6-5.5), motor vehicle excise taxes (IC 6-6-5), and the commercial vehicle excise taxes (IC 6-6-5.5) received by the school corporation in the calendar year preceding the year in which a fiscal year begins by two (2) years) to:

(1) fund the appropriations budgeted by the school for the calendar year that begins immediately after the beginning of the fiscal year; and

(2) make distributions to a rainy day fund under IC 36-1-8-5.1.

Sec. 13. (a) To impose the school option income tax, the governing body of a school corporation must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The governing body of the _____ (insert name of school corporation) imposes the school option income tax on the school district taxpayers of _____ (insert name of school corporation) school district. The school option income tax is imposed at a rate of _____ percent (____%) on the resident school district taxpayers of the school district and one-fourth of one percent (0.25%) on the nonresident school district taxpayers of the school district. The tax takes effect July 1 after this election."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The secretary of the governing body of a school corporation shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

Sec. 14. (a) The governing body of a school corporation may increase the school option income tax rate imposed upon the resident school district taxpayers of the school district. To increase the rate, the governing body of the school corporation must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

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"The governing body of the _____ (insert name of school corporation) increases the school option income tax rate imposed upon the resident school district taxpayers of the school district from _____ percent (___%) to _____ percent (___%). The tax rate increase takes effect July 1 after this election."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The secretary of the governing body of a school corporation shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

Sec. 15. (a) The governing body of a school corporation may increase or decrease the school option income tax rate imposed upon the resident school district taxpayers of the school district. To increase or decrease the rate, the governing body of the school corporation must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The governing body of the _____ (insert name of school corporation) increases/decreases (insert appropriate term) the school option income tax rate imposed upon the resident school district taxpayers of the school district from _____ percent (___%) to _____ percent (___%). The tax rate increase/decrease (insert appropriate term) takes effect July 1 after this election."

(b) A governing body of a school corporation may not decrease the school option income tax rate if the school corporation has pledged the school option income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this subsection does not apply if the school corporation pledges legally available revenues to fully replace the lost revenue due to the decrease in the school corporation's school option income tax rate.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The secretary of the governing body of a school corporation shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

Sec. 16. (a) The school option income tax imposed by a governing body of a school corporation under this chapter remains in effect until rescinded.

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(b) Except as provided in subsection (e), the governing body of a school corporation may rescind the school option income tax by adopting an ordinance to rescind the tax after January 1 but before June 1 of a year.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The secretary of the governing body of a school corporation shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A governing body of a school corporation may not rescind the school option income tax if the school corporation has pledged the school option income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this subsection does not apply if the school corporation pledges legally available revenues to fully replace the school corporation's school option income tax that has been pledged.

Sec. 17. (a) Except as provided in subsections (b) through (c), if the school option income tax is not in effect during a school district taxpayer's entire taxable year, the amount of school option income tax that the school district taxpayer owes for that taxable year equals the product of:

(1) the amount of school option income tax the school district taxpayer would owe if the tax had been imposed during the school district taxpayer's entire taxable year; multiplied by

(2) the following fraction:

(A) The numerator of the fraction equals the number of days during the school district taxpayer's taxable year during which the school option income tax was in effect.

(B) The denominator of the fraction equals the total number of days in the school district taxpayer's taxable year.

(b) If a school district taxpayer:

(1) is unemployed for a part of the taxpayer's taxable year;

(2) was not discharged for just cause (as defined in IC 22-4-15-1(d)); and

(3) has no earned income for the part of the taxpayer's taxable year that the tax was in effect;

the school district taxpayer's adjusted gross income for the taxable year is reduced by the amount of the taxpayer's earned income for the taxable year.

(c) A taxpayer who qualifies under subsection (b) must file a

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claim for a refund for the difference between the school option income tax owed, as determined under subsection (a), and the tax owed, as determined under subsection (b). A claim for a refund must be on a form approved by the department and include all supporting documentation reasonably required by the department.

Sec. 18. (a) Except as provided in subsection (b), if for a particular taxable year a school district taxpayer is liable for an income tax imposed by a school district located outside Indiana, that school district taxpayer is entitled to a credit against the taxpayer's school option income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and is subject to the school option income tax. However, the credit provided by this section may not reduce a school district taxpayer's school option income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a school district taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of school option income taxes owed under this chapter.

(c) To claim the credit provided by this section, a school district taxpayer must provide the department with satisfactory evidence that the taxpayer is entitled to the credit.

Sec. 19. (a) If for a particular taxable year a school district taxpayer is, or a school district taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code, the school district taxpayer is, or the school district taxpayer and the taxpayer's spouse are, entitled to a credit against the taxpayer's or their school option income tax liability for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the taxpayer's or the taxpayer's and the taxpayer's spouse's credit for the elderly or the totally disabled for that same taxable year; multiplied by

(B) a fraction, the numerator of which is the school option income tax rate imposed against the school district taxpayer, or the school district taxpayer and the taxpayer's spouse, and the denominator of which is fifteen-hundredths (0.15); or

(2) the amount of school option income tax imposed on the

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1 school district taxpayer, or the school district taxpayer and
2 the taxpayer's spouse.

3 (b) If a school district taxpayer and the taxpayer's spouse file a
4 joint return and are subject to different school option income tax
5 rates for the same taxable year, they shall compute the credit
6 under this section by using the formula provided by subsection (a),
7 except that they shall use the average of the two (2) school option
8 income tax rates imposed against them as the numerator referred
9 to in subsection (a)(1)(B).

10 Sec. 20. (a) A special account within the state general fund shall
11 be established for each school corporation adopting the school
12 option income tax. Any revenue derived from the imposition of the
13 school option income tax by a school district shall be deposited in
14 that school district's account in the state general fund.

15 (b) Any income earned on money held in an account under
16 subsection (a) becomes a part of that account.

17 (c) Any revenue remaining in an account established under
18 subsection (a) at the end of a fiscal year does not revert to the state
19 general fund.

20 Sec. 21. (a) Revenue derived from the imposition of the school
21 option income tax must, in the manner prescribed by this section,
22 be distributed to the school district that imposed it. The amount to
23 be distributed to a school district during an ensuing calendar year
24 equals the amount of school option income tax revenue that the
25 department, after reviewing the recommendation of the budget
26 agency, determines has been:

27 (1) received from that school district for a taxable year ending
28 before the calendar year in which the determination is made;
29 and

30 (2) reported on an annual return or amended return
31 processed by the department in the state fiscal year ending
32 before July 1 of the calendar year in which the determination
33 is made;

34 as adjusted (as determined after review of the recommendation of
35 the budget agency) for refunds of school option income tax made
36 in the state fiscal year.

37 (b) Before August 2 of each calendar year, the department, after
38 reviewing the recommendation of the budget agency, shall certify
39 to the school district auditor of each adopting school district the
40 amount determined under subsection (a) plus the amount of
41 interest in the school district's account that has accrued and has
42 not been included in a certification made in a preceding year. The

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1 amount certified is the school district's "certified distribution" for
 2 the immediately succeeding calendar year. The amount certified
 3 shall be adjusted under subsections (c), (d), (e), and (f). The
 4 department shall provide with the certification an informative
 5 summary of the calculations used to determine the certified
 6 distribution.

7 (c) The department shall certify an amount less than the amount
 8 determined under subsection (b) if the department, after reviewing
 9 the recommendation of the budget agency, determines that the
 10 reduced distribution is necessary to offset overpayments made in
 11 a calendar year before the calendar year of the distribution. The
 12 department, after reviewing the recommendation of the budget
 13 agency, may reduce the amount of the certified distribution over
 14 several calendar years so that any overpayments are offset over
 15 several years rather than in one (1) lump sum.

16 (d) The department, after reviewing the recommendation of the
 17 budget agency, shall adjust the certified distribution of a school
 18 district to correct for any clerical or mathematical errors made in
 19 any previous certification under this section. The department, after
 20 reviewing the recommendation of the budget agency, may reduce
 21 the amount of the certified distribution over several calendar years
 22 so that any adjustment under this subsection is offset over several
 23 years rather than in one (1) lump sum.

24 (e) This subsection applies to a school district that initially
 25 imposes a tax under this chapter in the same calendar year in
 26 which the department makes a certification under this section. The
 27 department, after reviewing the recommendation of the budget
 28 agency, shall adjust the certified distribution of a school district to
 29 provide for a distribution in the immediately following calendar
 30 year and in each calendar year thereafter. The department shall
 31 provide for a full transition to certification of distributions as
 32 provided in subsection (a)(1) through (a)(2) in the manner
 33 provided in subsection (c).

34 (f) This subsection applies to a school district that increases,
 35 decreases, or rescinds a tax rate under this chapter in the same
 36 calendar year in which the department makes a certification under
 37 this section. The department, after reviewing the recommendation
 38 of the budget agency, shall adjust the certified distribution of a
 39 school district to provide for a distribution in the immediately
 40 following calendar year and in each calendar year thereafter. The
 41 department shall provide for a full transition to certification of
 42 distributions as provided in subsection (a)(1) through (a)(2) in the

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manner provided in subsection (c).

Sec. 22. (a) One-twelfth (1/12) of each adopting school corporation's certified distribution for a calendar year shall be distributed from its account established under section 20 of this chapter to the appropriate school corporation treasurer on the first day of each month of that calendar year.

(b) All distributions from an account established under section 20 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

Sec. 23. Money distributed to a school corporation under this chapter may be used for any school purpose, including distributions to a charter school.

Sec. 24. (a) For purposes of this chapter, an individual shall be treated as a resident of the school district in which the individual:

- (1) maintains a home if the individual maintains only one (1) in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if neither subdivision (1) nor (2) applies, registers the taxpayer's personal automobile; or
- (4) if subdivisions (1), (2), and (3) do not apply spends the majority of the taxpayer's time in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on January 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of the taxpayer's residence or principal place of employment or business to another school district in Indiana during a calendar year, the taxpayer's liability for school option income tax is not affected.

Sec. 25. (a) The governing body of the school corporation of any adopting school district may adopt an ordinance to enter into reciprocity agreements with the taxing authority of any school district of any other state. Such a reciprocity agreement must provide that the income of resident school district taxpayers is exempt from income taxation by the other local governmental entity to the extent that income of the residents of the other local governmental entity is exempt from the school option income tax in the adopting school district.

(b) A reciprocity agreement entered into under subsection (a) may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

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(c) The form and effective date of any reciprocity agreement described in this section must be approved by the department.

Sec. 26. (a) Except as otherwise provided in this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

- (1) definitions;
- (2) declarations of estimated tax;
- (3) filing of returns;
- (4) remittances;
- (5) incorporation of the provisions of the Internal Revenue Code;
- (6) penalties and interest;
- (7) exclusion of military pay credits for withholding; and
- (8) exemptions and deductions;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each school district. The taxpayer's report shall be submitted annually along with the employer's annual withholding report.

Sec. 27. Before October 2 of each year, the department shall submit a report to each school district auditor indicating the balance in the school district's adjusted gross income tax account as of the cutoff date specified by the budget agency.

Sec. 28. (a) If, after receiving a recommendation from the budget agency, the department determines that a sufficient balance exists in a school district account that exceeds the amount necessary, when added to other money that will be deposited in the account after the date of the recommendation, to make certified distributions to the school district in the ensuing year, the department shall make a supplemental distribution to a school district from the school district's adjusted gross income tax account.

(b) A supplemental distribution described in subsection (a) must be:

- (1) made in January of the ensuing calendar year; and
- (2) allocated and, subject to subsection (d), used in the same manner as certified distributions.

(c) A determination under this section must be made before October 2.

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(d) This subsection applies to that part of a distribution made under this section that is allocated and available for use in the same manner as certified shares. The school corporation receiving the money shall deposit the money in the school corporation's rainy day fund established under IC 36-1-8-5.1.

Sec. 29. Notwithstanding any other law, if a school corporation desires to issue obligations or enter into leases payable wholly or in part by the school option income tax, the obligations of the school corporation or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale.

Sec. 30. (a) A pledge of school option income tax revenues under this chapter is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the school district and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the collection of the tax imposed under this chapter as long as the principal of or interest on those obligations is unpaid. The prohibition in this section does not apply if the general assembly provides for legally available revenues to fully replace the lost revenue due to a repeal or amendment to this chapter.

SECTION 26. IC 20-12-14-2, AS AMENDED BY P.L.2-2006, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Instruction in laboratory schools may be provided for preschool pupils, kindergarten pupils, special education pupils, and for all or a portion of the twelve (12) common school grades.

(b) Agreements may be entered into with local school units and educational organizations for the assignment of pupils to such laboratory schools, the payment of transfer fees, and contributions to the cost of establishing and maintaining the laboratory schools.

(c) A laboratory school that:

(1) is operated by a university under this chapter without an agreement described in subsection (b); and

(2) has an ADM of not more than seven hundred fifty (750); shall be treated as a charter school for purposes of local funding under ~~IC 20-45-3~~ and state funding under IC 20-20-33 and IC 20-43.

(d) A pupil who attends a laboratory school full time may not be counted in ADM or ADA by any local school unit when ~~his~~ the pupil's attendance is not regulated under an agreement.

SECTION 27. IC 20-18-2-1.5, AS ADDED BY P.L.2-2006,

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SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1.5. (a) "ADA", for purposes of this title (except IC 20-23-4-19), ~~and IC 20-45-7~~; means the average number of pupils in daily attendance in the school corporation, determined in accordance with the rules established by the state board.

(b) "ADA", for purposes of IC 20-23-4-19, has the meaning set forth in IC 20-23-4-19.

~~(c) "ADA", for purposes of IC 20-45-7, has the meaning set forth in IC 20-45-7-3.~~

SECTION 28. IC 20-24-7-2, AS AMENDED BY P.L.2-2006, SECTION 106, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Not later than the date established by the department for determining ADM, and after May 31 each year, the organizer shall submit to the department the following information on a form prescribed by the department:

- (1) The number of students enrolled in the charter school.
- (2) The name and address of each student.
- (3) The name of the school corporation in which the student has legal settlement.
- (4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.
- (5) The grade level in which the student will enroll in the charter school.

The department shall verify the accuracy of the information reported.

(b) This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation. The department shall distribute to the organizer the state tuition support distribution. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution of state tuition support under IC 20-43-2 to other school corporations.

(c) The department shall provide to the department of local government finance the following information:

- (1) For each county, the number of students who:
 - (A) have legal settlement in the county; and
 - (B) attend a charter school.
- (2) The school corporation in which each student described in subdivision (1) has legal settlement.
- (3) The charter school that a student described in subdivision (1) attends and the county in which the charter school is located.
- ~~(4) The amount of the tuition support levy determined under IC 20-45-3-11 for each school corporation described in~~

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subdivision (2):

(5) The amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

(A) the target revenue per ADM (as defined in IC 20-43-1-26) determined for a charter school described in subdivision (3); multiplied by

(B) thirty-five hundredths (0.35);

STEP TWO: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the current ADM of a charter school described in subdivision (3);

(6) The amount determined under STEP THREE of the following formula:

STEP ONE: Determine the number of students described in subdivision (1) who:

(A) attend the same charter school; and

(B) have legal settlement in the same school corporation located in the county;

STEP TWO: Determine the subdivision (5) STEP ONE amount for a charter school described in STEP ONE (A);

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount;

SECTION 29. IC 20-26-11-13, AS AMENDED BY P.L.2-2006, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, vocational training, or career education.

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with

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disabilities that uses the equipment, as determined under the individualized education program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for ~~except as provided in clause (C)~~, the calendar year in which the school year ends:

(A) State tuition support distributions.

~~(B) Property tax levies.~~

~~(C) Excise tax revenue (as defined in IC 20-43-1-12) received for deposit in the calendar year in which the school year begins.~~

~~(D) (B) Allocations to the transferee school under IC 6-3.5.~~

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

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If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure that is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

- (1) the cost of the special equipment; divided by
- (2) the product of:
 - (A) the useful life of the special equipment, as determined under the rules adopted by the state board; multiplied by
 - (B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the student enrollment of each class in the transferee corporation compared with the total student enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

- (1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by
- (2) the student enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition shall be calculated by the part of the school year for which the

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transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

- (1) the total amount of revenues received; by
- (2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state tuition support distributions or any other state distribution computed using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the student count used to compute the state distribution.

(h) Instead of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. The contract may:

- (1) be entered into for a period of not more than five (5) years with an option to renew;
- (2) specify a maximum number of students to be transferred; and
- (3) fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 14 of this chapter.

(i) ~~If the A school corporation can meet the requirements of IC 20-43-9-8,~~ it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may:

- (1) be for one (1) year or longer; and
- (2) fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 14 of this chapter.

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1 A school corporation may not transfer a student under this section
2 without the prior approval of the child's parent.

3 ~~(j) If a school corporation experiences a net financial impact with~~
4 ~~regard to transfer tuition that is negative for a particular school year as~~
5 ~~described in IC 20-45-6-8, the school corporation may appeal for an~~
6 ~~excessive levy as provided under IC 20-45-6-8.~~

7 SECTION 30. IC 20-26-11-23, AS AMENDED BY P.L.2-2006,
8 SECTION 132, IS AMENDED TO READ AS FOLLOWS
9 [EFFECTIVE JANUARY 1, 2008]: Sec. 23. (a) If a transfer is ordered
10 to commence in a school year, where the transferor corporation has net
11 additional costs over savings (on account of any transfer ordered)
12 allocable to the calendar year in which the school year begins, and
13 where the transferee corporation does not have budgeted funds for the
14 net additional costs, the net additional costs may be recovered by one
15 (1) or more of the following methods in addition to any other methods
16 provided by applicable law:

17 (1) An emergency loan made under IC 20-48-1-7 to be paid out
18 of the debt service levy and fund, or a loan from any state fund
19 made available for the net additional costs.

20 (2) An advance in the calendar year of state funds, which would
21 otherwise become payable to the transferee corporation after such
22 calendar year under law.

23 (3) A grant or grants in the calendar year from any funds of the
24 state made available for the net additional costs.

25 (b) The net additional costs must be certified by the department of
26 local government finance, and any grant shall be made solely after
27 affirmative recommendation of the school property tax control board.
28 ~~Repayment of any advance or loan from the state shall be made in~~
29 ~~accordance with IC 20-45-6-3. The use of any of the methods in this~~
30 ~~section does not subject the transferor corporation to IC 20-45-6-5 or~~
31 ~~IC 20-45-6-6.~~

32 SECTION 31. IC 20-31-11-6, AS AMENDED BY P.L.2-2006,
33 SECTION 149, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) A public school that
35 receives a monetary award under this chapter may expend that award
36 for any educational purpose for that school, except:

37 (1) athletics;

38 (2) salaries for school personnel; or

39 (3) salary bonuses for school personnel.

40 (b) A monetary award may not be used to determine

41 ~~(1) the maximum permissible tuition support levy under~~
42 ~~IC 20-45-3; or~~

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(2) ~~the~~ state tuition support under IC 20-43 of the school corporation in which the school receiving the monetary award is located.

SECTION 32. IC 20-44-2-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 7. A school corporation may not impose an ad valorem property tax levy for the school corporation's general fund.**

SECTION 33. IC 20-44-3-3, AS ADDED BY P.L.2-2006, SECTION 167, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A school corporation's levy excess is valid.

(b) ~~The general fund portion of~~ A school corporation's levy excess may not be contested on the grounds that it exceeds the school corporation's maximum permissible tuition support levy limit for the applicable calendar year.

SECTION 34. IC 20-46-1-8, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. ~~(a) This section applies to a school corporation that includes a request for a levy under this chapter in an emergency~~ **In an appeal under IC 6-1.1-19, and IC 20-45-6-2:**

(b) ~~In addition to, or instead of, any recommendation that the tax control board may make in an appeal, the tax control board may recommend that the appellant school corporation be permitted to make a levy for the ensuing calendar year under this chapter~~ **if the tax control board concludes that the appellant school corporation cannot, in a calendar year, carry out the public educational duty committed to the appellant school corporation by law if the appellant school corporation does not receive emergency financial relief for the calendar year.**

SECTION 35. IC 20-46-1-19, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 19. If a majority of the persons who voted in the referendum did not vote "yes" on the referendum question,

(1) ~~the school corporation may not make any levy for its general fund other than a levy permitted under IC 20-45; and~~

(2) another referendum under this section may not be held for one (1) year after the date of the referendum.

SECTION 36. IC 20-46-3-8, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JANUARY 1, 2008]: Sec. 8. A levy is in addition to ~~and not part of; the school corporation's tuition support levy for purposes of determining the school corporation's maximum permissible tuition support levy under IC 20-45-3;~~ **any other levy imposed by the school corporation. The limitation imposed on levies for the general fund under IC 20-44-2-7 does not apply to a levy imposed under this chapter.**

SECTION 37. IC 36-7-15.1-26.9, AS AMENDED BY P.L.2-2006, SECTION 192, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 26.9. (a) The definitions set forth in section 26.5 of this chapter apply to this section.

(b) The fiscal officer of the consolidated city shall publish in the newspaper in the county with the largest circulation all determinations made under section 26.5 or 26.7 of this chapter that result in the allowance or disallowance of credits. The publication of a determination made under section 26.5 of this chapter shall be made not later than June 20 of the year in which the determination is made. The publication of a determination made under section 26.7 of this chapter shall be made not later than December 5 of the year in which the determination is made.

(c) If credits are granted under section 26.5(g) or 26.5(h) of this chapter, whether in whole or in part, property taxes on personal property (as defined in IC 6-1.1-1-11) that are equal to the aggregate amounts of the credits for all taxpayers in the allocation area under section 26.5(g) and 26.5(h) of this chapter shall be:

- (1) allocated to the redevelopment district;
- (2) paid into the special fund for that allocation area; and
- (3) used for the purposes specified in section 26 of this chapter.

(d) The county auditor shall adjust the estimate of assessed valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3 in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

- (1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and
- (2) used by the county board of tax adjustment, the department of

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local government finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 ~~and IC 20-45-3~~ do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3, ~~and IC 20-45-3~~, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 38. IC 36-10-13-5, AS AMENDED BY P.L.2-2006, SECTION 195, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) This section applies only to a school corporation in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000).

(b) To provide funding for a historical society under this section, the governing body of a school corporation may impose a tax of not more than five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of assessed valuation in the school corporation.

(c) ~~A tax under this section is not subject to the maximum permissible tuition support levy limitations imposed on the school corporation by IC 20-45-3.~~

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(c) The school corporation shall deposit the proceeds of the tax in a fund to be known as the historical society fund. The historical society fund is separate and distinct from the school corporation's general fund and may be used only to provide funds for a historical society under this section.

(d) Subject to section 6 of this chapter, the governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to a historical society having facilities in the county.

SECTION 39. IC 36-10-13-7, AS AMENDED BY P.L.2-2006, SECTION 196, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) This section applies to school corporations in a county containing a city having a population of:

(1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000);

(2) more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000);

(3) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

(4) more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000); or

(5) more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(b) To provide funding for an art association under this section, the governing body of a school corporation may impose a tax of not more than five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of assessed valuation in the school corporation. ~~The tax is not subject to the maximum permissible tuition support levy limitations imposed on the school corporation by IC 20-45-3.~~

(c) The school corporation shall deposit the proceeds of the tax imposed under subsection (b) in a fund to be known as the art association fund. The art association fund is separate and distinct from the school corporation's general fund and may be used only to provide funds for an art association under this section. The governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to an art association having facilities in a city that is described in subsection (a), subject to subsection (d).

(d) Before an art association may receive payments under this section, the association's governing board must adopt a resolution that entitles:

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(1) the governing body of the school corporation to appoint the school corporation's superintendent and director of art instruction as visitors who may attend all meetings of the association's governing board;

(2) the governing body of the school corporation to nominate individuals for membership on the association's governing board, with at least two (2) of the nominees to be elected;

(3) the school corporation to use the association's facilities and equipment for educational purposes consistent with the association's purposes;

(4) the students and teachers of the school corporation to tour the association's museum and galleries free of charge;

(5) the school corporation to borrow materials from the association for temporary exhibit in the schools;

(6) the teachers of the school corporation to receive normal instruction in the fine and applied arts at half the regular rates charged by the association; and

(7) the school corporation to expect exhibits in the association's museum that will supplement the work of the students and teachers of the corporation.

A copy of the resolution, certified by the president and secretary of the association, must be filed in the office of the school corporation before payments may be received.

(e) A resolution filed under subsection (d) is not required to be renewed annually. The resolution continues in effect until rescinded. An art association that complies with this section is entitled to continue to receive payments under this section as long as the art association complies with the resolution.

(f) If more than one (1) art association in a city that is described in subsection (a) qualifies to receive payments under this section, the governing body of the school corporation shall select the one (1) art association best qualified to perform the services described in subsection (d). A school corporation may select only one (1) art association to receive payments under this section.

SECTION 40. IC 20-45 IS REPEALED [EFFECTIVE JANUARY 1, 2008].

SECTION 41. [EFFECTIVE UPON PASSAGE] **The legislative services agency shall prepare legislation for introduction in the 2008 regular session of the general assembly to organize and correct statutes affected by this act, if necessary.**

SECTION 42. **An emergency is declared for this act.**

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